

ALVORD AND ALVORD  
ATTORNEYS AT LAW  
1050 SEVENTEENTH STREET, N.W.  
SUITE 301  
WASHINGTON, D.C.  
20036

ELIAS C. ALVORD (1942)  
ELLSWORTH C. ALVORD (1964)

(202) 393-2266  
FAX (202) 393-2156  
E-MAIL: alvordlaw@aol.com

May 23, 2011

RECORDATION NO. 29788 FILED

MAY 23 '11 -2 2 0 PM

SURFACE TRANSPORTATION BOARD

Ms. Cynthia T. Brown  
Chief of the Section of Administration  
Office of Proceedings  
Surface Transportation Board  
395 "E" Street, S.W.  
Washington, D.C. 20423

Dear Ms. Brown:

Enclosed for recordation pursuant to the provisions of 49 U.S.C. Section 11301(a) are two (2) copies of a Memorandum of Loan and Security Agreement, dated as of May 10, 2011, a primary document as defined in the Board's Rules for the Recordation of Documents.

The names and addresses of the parties to the enclosed document are:

Lender: JPMORGAN CHASE BANK, N.A.  
1111 Polaris Parkway, Suite A3  
Columbus, Ohio 43240

Borrowers: Heritage Rail Leasing, LLC  
Isla Largo, LLC  
Central Car Repair, LLC  
Austin & Northwestern Railroad Company, Inc.  
Iowa Pacific Holdings, LLC  
Permian Basin Railways, Inc.  
Mt. Hood Railroad Company  
San Luis & Rio Grande Railroad, Inc.  
High Iron Travel Corporation  
West Texas & Lubbock Railroad Company, Inc.  
Chicago Terminal Railroad Company

Ms. Cynthia T. Brown  
May 23, 2011  
Page 2

Arizona Eastern Railway Company  
118 South Clinton Street, Suite 400  
Chicago, Illinois 60661

A description of the railroad equipment covered by the enclosed document  
is:

12 used General Electric B39-8 locomotives: AZER 8522, AZER 8560,  
AZER 8596, MMA 8548, SLRG 8524, SLRG 8527, SLRG 8536, SLRG  
8537, SLRG 8539, SLRG 8542, SLRG 8577 and SLRG 8597.

A short summary of the document to appear in the index is:

Memorandum of Loan and Security Agreement.

Also enclosed is a check in the amount of \$41.00 payable to the order of  
the Surface Transportation Board covering the required recordation fee.

Kindly return stamped copies of the enclosed document to the  
undersigned.

Very truly yours,



Robert W. Alvord

RWA/bhs  
Enclosures

MAY 23 '11 -2 2 0 PM

MEMORANDUM OF LOAN AND SECURITY AGREEMENT SURFACE TRANSPORTATION BOARD

This MEMORANDUM OF LOAN AND SECURITY AGREEMENT ("Memorandum"), dated as of May 10, 2011, is executed by and among the following parties:

Lender: JPMORGAN CHASE BANK, N.A.

Lender Address: 1111 Polaris Parkway, Suite A3  
Columbus, OH 43240

Borrower Names: Heritage Rail Leasing, LLC and Isla Largo, LLC and Central Car Repair, LLC and Austin & Northwestern Railroad Company, Inc. and Iowa Pacific Holdings, LLC and Permian Basin Railways, Inc. and Mt. Hood Railroad Company and San Luis & Rio Grande Railroad, Inc. and High Iron Travel Corporation and West Texas & Lubbock Railroad Company, Inc. and Chicago Terminal Railroad Company and Arizona Eastern Railway Company

Borrowers' Address: 118 South Clinton Street, Suite 400  
Chicago IL 60661

Lender and Borrowers hereby acknowledge and confirm the following:

A. Borrowers and Lender have entered into that certain Loan and Security Agreement, dated on or about the date hereof (as amended, restated, modified or otherwise in effect from time to time, the "Loan and Security Agreement") pursuant to which, among other things, Borrowers have granted to Lender a first priority security interest in certain railroad equipment bearing the reporting marks and road numbers identified on Schedule A-1 attached hereto (the "Equipment") and all leases, use agreements and other agreements relating to such Equipment as identified in the Loan and Security Agreement.

B. The parties hereto wish to show for public record the existence of the aforesaid Loan and Security Agreement and accordingly have caused this Memorandum to be executed by their officers thereunto duly authorized, as of the date first written.

C. This Memorandum may be executed in counterparts, each such counterpart shall be binding on both parties hereto, notwithstanding that both parties are not signatories to the same counterpart.

I certify that I hold the title set forth below, that this instrument was signed on behalf of the Lender by authority of its Board of Directors and that I acknowledge that the execution of the foregoing instrument was the free act and deed of the Lender. I further declare under penalty of perjury that the foregoing is true and correct.

JPMORGAN CHASE BANK, N.A.

By: [Signature]  
Name: Cherie Chivelo  
Title: Authorized officer



Acceptance Date: May 23, 2011

I certify that I hold the title set forth below, that this instrument was signed on behalf of each of the Borrowers identified below by authority of each Board of Directors and that I acknowledge that the execution of the foregoing instrument was the free act and deed of each such Borrower. I further declare under penalty of perjury that the foregoing is true and correct.

**IOWA PACIFIC HOLDINGS, LLC**  
(Borrower)

By: [Signature]  
Edwin E. Ellis  
Title: Manager and President

**HERITAGE RAIL LEASING, LLC**  
(Borrower)

By: [Signature]  
Edwin E. Ellis  
Title: President

**ISLA LARGO, LLC**  
(Borrower)

By: [Signature]  
Edwin E. Ellis  
Title: President

**CENTRAL CAR REPAIR, LLC**  
(Borrower)

By: Iowa Pacific Holdings, LLC, its Member  
By: [Signature]  
Edwin E. Ellis  
Title: Manager

**AUSTIN & NORTHWESTERN RAILROAD COMPANY, INC.**  
(Borrower)

By:   
Edwin E. Ellis  
Title: President

**PERMIAN BASIN RAILWAYS, INC.**  
(Borrower)

By:   
Edwin E. Ellis  
Title: President

**MT. HOOD RAILROAD COMPANY**  
(Borrower)

By:   
Edwin E. Ellis  
Title: President

**SAN LUIS & RIO GRANDE RAILROAD, INC.**  
(Borrower)

By:   
Edwin E. Ellis  
Title: President

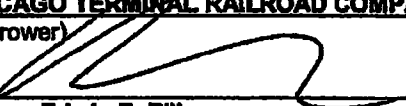
**HIGH IRON TRAVEL CORPORATION**  
(Borrower)

By:   
Edwin E. Ellis  
Title: President

**WEST TEXAS & LUBBOCK RAILROAD  
COMPANY, INC.**  
(Borrower)

By:   
Edwin E. Ellis  
Title: President

**CHICAGO TERMINAL RAILROAD COMPANY**  
(Borrower)

By:   
Edwin E. Ellis  
Title: President

**ARIZONA EASTERN RAILWAY COMPANY**  
(Borrower)

By:   
Edwin E. Ellis  
Title: President

Acceptance Date: May 10, 2011

## **SCHEDULE A-1**

**TWELVE (12) USED GENERAL ELECTRIC B39-8 LOCOMOTIVES NUMBERED AS  
FOLLOWS:**

<b>AZER</b>	<b>8522</b>
<b>AZER</b>	<b>8560</b>
<b>AZER</b>	<b>8596</b>
<b>SLRG</b>	<b>8536</b>
<b>SLRG</b>	<b>8524</b>
<b>SLRG</b>	<b>8537</b>
<b>SLRG</b>	<b>8597</b>
<b>SLRG</b>	<b>8577</b>
<b>SLRG</b>	<b>8527</b>
<b>MMA</b>	<b>8548</b>
<b>SLRG</b>	<b>8539</b>
<b>SLRG</b>	<b>8542</b>

**CERTIFICATION**

I, Robert W. Alvord, attorney licensed to practice in the State of New York and the District of Columbia, do hereby certify under penalty of perjury that I have compared the attached copy with the original thereof and have found the copy to be complete and identical in all respects to the original document.

Dated: 5/23/11



\_\_\_\_\_  
Robert W. Alvord